

## **PART 1: How is our industry handling the skilled labor shortage?**

By Devin Steele

The skilled labor shortage in and of itself has been one of the major issues affecting the U.S. sewn products industry and the larger manufacturing sector for years. Throw in the fact the U.S. is experiencing near-historic low unemployment during an extended period of economic expansion, and the problem is only exacerbated.

Plus, U.S. manufacturers and their suppliers are experiencing some of the highest levels of growth we've seen in decades, yet the industry seems unable to keep up with the resulting rebound in job growth. This poses major challenges for manufacturers and may threaten the vitality of the industry and our economy long term.

According to a Deloitte analysis of the Oxford Global Economics Model, manufacturing has consistently contributed more than 10 percent of the national gross domestic product (GDP) and represented more than 8 percent of all U.S. employed population in 2017.

Many companies are turning to technology and other measures to address the skills gap and meet production demands. For the sewn products industry in particular, robotics and automation have grown in importance.

According to a study the [2018 Deloitte and The Manufacturing Institute skills gap and future of work study](#), surveyed manufacturers believed the No. 1 cause of the skills gap is "shifting skill set due to the introduction of new advanced technology and automation," followed by "negative perception of students/their parents toward the manufacturing industry." Baby Boomer retirements rounded out the top three.

SEAMS sent questionnaires to several members and non-members to see how they are responding to the challenge of finding – and keeping – skilled employees. Part of SEAMS' mission is knowledge and idea exchange, so we see sharing their feedback as beneficial to members who may be struggling with some of these same issues.

Here, in Part 1 of 2 in our series on this issue, are highlights of participating companies and education and training centers.

### **Champion Thread Co.**

Since 1979, Champion Thread Co. (CTC), Gastonia, N.C., has manufactured and marketed its innovative sewing threads, engineered yarns and trim components to help global textile, protective apparel, home furnishings, automotive, agricultural, industrial and other manufacturers solve their product, production and supply chain challenges. Headquartered in Gastonia, N.C., the family-owned and operated business is dedicated to providing high-quality products at competitive prices and differentiates itself by delivering unparalleled customer support and client partnerships, according to Matt Poovey, company president.

In addition to its executive management, sales and office staff, CTC employs skilled labor in its manufacturing operations, primarily comprising production and maintenance (automation, PLCs, etc.) personnel. Skilled labor availability in and around Gaston County, N.C. location is extremely tight, mirroring the situation in the textile and sewn products market in the region, he added.

CTC currently has more than 90 percent of its skilled labor positions filled, with current openings primarily for second-shift production employees. Overcoming the longtime, oft-maligned perception of the textile industry has been difficult, Poovey said.

“The 30-year decline of the U.S. textile industry has branded the textile industry as an unreliable provider of jobs,” he said. “During the prolonged downturn, a large percentage of skilled workers left the industry. While recent years have seen improvement, the stigma remains for today’s job seekers. The other common challenge is that production jobs are generally less attractive than other job types for today’s job seekers.”

With a large percentage of its workforce in the 50+ age group, CTC leaders anticipate that retirements will become a major factor for the company in the near term.

“We are actively working on several fronts to recruit, train and promote tomorrow’s workers today,” Poovey said.

In addition to active recruitment efforts, the company has invested heavily in automation and flexible manufacturing processes to ensure its ability to meet current and future customer needs, he added.

Poovey pointed out that the Champion Thread has not been forced to offer stopgap measures, including the weakening of hiring standards, to fill open jobs.

“CTC is recognized as a well-paying company that offers a healthy work-life balance,” he said. “As a family-owned and operating business, we also incentivize our employees to help us find and recruit new employees. Involving our current work family in these efforts helps us onboard new employees that are very likely to be productive and enjoy working in our environment.”

The company also offers highly competitive wages and benefits in our area, Poovey noted. “Perhaps more important, we offer an attractive team environment with the opportunity for advancement and a real work-life balance,” he said. “CTC is recognized as a stable job opportunity.”

Poovey added that the company’s most effective strategy in recruiting is to provide financial incentives to current employees to help find new employees. This also helps CTC maintain its corporate culture, as employees typically do not recommend people they don’t want to work with, he said.

The company also focuses on cross-training all employees, Poovey mentioned. In fact, every single production employee in the company is trained to be capable of doing every production job it has within the first two years of employment at CTC.

Champion Thread has worked with Gaston College to find local talent – many of them of the younger generations with some the same desires – work-life balance, a fair wage, to have their voice heard, a team environment, etc. – as the older set, he noted.

“New employees quickly find their participation in the CTC team rewarding because they are truly engaged in work processes and business decisions,” Poovey said. “CTC team members receive financial bonuses based on the overall performance of the company.”

Despite a negative rap, manufacturing is a terrific option for many seeking employment, he surmised. And with textile and sewn products employment levels stabilizing, a career in the industry is more attractive than it has been in many years, he added. Today’s manufacturing positions offer greater opportunities to increase skills (i.e. cross-training), work with advanced technology, become engaged in the business (i.e. team environment) and advance within the business, he listed.

CTC is actively engaged in promoting the industry and manufacturing by leading by example and by being involved in organizations such as SEAMS, Poovey pointed out.

## **Hemingway Apparel**

Based in Hemingway, S.C., Hemingway Apparel is a cut-and-sew apparel contractor, with 70 percent of its labor requirements consisting of sewing machine operators and the remaining 30 percent covering mechanical, shipping and receiving, indirect support, office staff and the cutting department.

According to company President Chris Marsh, the most challenging positions to fill are usually mechanical and cutting department personnel. Currently, about 95 percent of positions on the production side are filled, he said.

Marsh called the labor situation in the company's area "relatively good," and he doesn't necessarily believe a skilled labor crisis exists, he said.

He explained: "Going back 50, 60, 70 years ago, anytime we had an upturn in the economy and manufacturing demand increased, those demands were met, in great majority by industries embracing the communities and training many of those they hired. You can't have 'skilled labor' magically. It has to be taught. Then it was taught by the industries and K-12 grade level schools.

"We still need to do the same thing," he continued. "School districts can't continue to push continuing education down the throats of those students that will never continue. We need to prepare the 35 percent of high school graduates not continuing their education for entering the workforce. Industry should play a major role in this."

In fact, the dearth of skilled labor has not negatively affected Hemingway Apparel, he added.

"If there has been any effect, I would have to say it was positive in that it makes us think differently," Marsh said.

The company has often benefited as a source contractor for other manufacturers who can't meet production demands for whatever reason, he pointed out.

When hiring, Hemingway Apparel doesn't adhere to stringent standards in order to get warm bodies, Marsh added. Some companies may shy away from candidates with criminal records or who can't pass a drug test.

"We have experienced quite a few applicants who volunteer their record and in several cases we have hired them," he said. "Within reason, I think everyone deserves a second chance."

In recruiting, the company is very active in communications with K-12, county officials and State Commerce, Marsh noted.

"The most successful method has been word of mouth," he said. "It is easy for applicants today to 'get lost' in the process. Being in front of the community, communicating with applicants and trusting your employees to help with the process is invaluable."

Hemingway Apparel also is leading an effort to develop a long-term Industry and Education initiative that starts in elementary school through hire, he added. Recently, it had its first beta test involving 40 third and fourth graders on site at its facility. This was the first step in

developing the program, and workshops with three other counties and their school districts are scheduled in the coming year, he said.

The company has implemented only a small amount of automation technologies, as much of what it does in soft goods being lightweight and sheer, which requires the delicate touch of human hands, Marsh said.

Although it often gets a bad rap, manufacturing should be an attractive industry for a wide range of job seekers, he surmised.

“It spans the gap of technology, innovation and speed to market, and includes the need for people with GEDs, high school diplomas and higher education,” he said. “The opportunity for an individual to advance as far as they feel they need to is provided in manufacturing.”

With that mantra in mind, the company is actively engaged in promoting the industry in order to help change the general perception of manufacturing, he pointed out.

“As part of the Industry and Education initiative, we are working closely with Commerce, technical colleges, industry leaders and officials to develop curriculums based on our communities needs,” Marsh said.

Related to training and retention, he called Hemingway Apparel’s employees its “greatest asset.”

“They are the reason we exist, they are the reason we succeed, they are the reason we survive,” he said. “It’s important for them to understand the vital role they play in the process. Part of that role is to pair with a trainee and teach them how to do specific jobs. Trainees ‘shadow’ on a particular job and are taught by fellow employees how to do specific tasks.”

## **Central Textiles, Inc.**

Central Textiles, the manufacturing arm of Cotswold Industries, requires multiple skillsets, and its major job needs are machine operators, technicians, electricians and service personnel, according to Harriet Scarborough, director of Manufacturing Services. The company, based in Central, S.C., has about 90 percent of its production jobs filled, but of those about 20 percent are under-qualified, she noted.

Being situated in the manufacturing hotbed of Upstate South Carolina, Central Textiles competes for production personnel with a major automotive manufacturer and their Tier 1 and Tier 2 suppliers, she added.

“They are more automated and they pay higher wages that attracts more workers,” she said.

As such, the skills gap crisis indeed is impacting the company’s ability to keep up with orders and increase business, Scarborough pointed out. To better attract employees, Central Textiles offers signing bonuses and has increased pay on some jobs, she added. The company has tried staffing services, with little success, she noted.

“We also offer recruiting/referral bonuses to our current associates to help find good people,” she said. “We also will rehire repeat associates that in the past we would have rejected.”

Beyond wages and benefits, Central doesn't enforce its attendance policy rules in order to retain people, she said.

Management has discussed eliminated drug screening but decided there was not much benefit in that, as the company has had very few instances of failed drug tests, Scarborough said.

Some of its most successful recruiting strategies and resources have been referral bonuses, hiring bonuses, job services, vocational rehab and technical schools, she said. It also offers tuition reimbursement for those wanting to pursue a degree. In addition, the company has participated in job fairs and has visited local high schools' technical campuses.

The company informs new hires that many opportunities for advancement exist at Central Textiles, she added.

Central Textiles hasn't added any additional automation technologies, but it operates a number of modern, high-tech looms that require personnel to set up and maintain, and electronics enable them to restart after filling breaks as well as to assist in troubleshooting and maintenance for technicians, Scarborough said.

For training, Central Textiles has a full-time weaving instructor, and it sends technicians to the OEM manufacturers' training sessions and also offers on-the-job cross-training, she indicated.

## **Draper Knitting Co.**

Draper Knitting is a sixth-generation, family-run company based in Canton, Mass., where it was incorporated in 1856. It specializes in knitted high pile, jersey, double knits, napped fleece, single sided terry and nonwoven fabrics for fashion, performance, industrial and safety applications. The company also takes on commission work, cut-and-sew project management, lab testing and more.

Currently, Draper Knitting jobs are completely filled. "We fluctuate but seem to be getting people in the door," said Kristin Draper, company president.

But that doesn't mean the company is immune to the labor shortage or hasn't felt its impact, she added. She blamed offshoring as the contributor to the skills crisis.

"The majority of the jobs left here were computer or service jobs – not much manufacturing – so instead of manufacturing being looked at as a long-term career, it was viewed as minimum wage grunt work," she said. "It still amazes me that with competitive wages, great benefits and room for advancement, that many parents are pushing every child to go to college. Some education may be needed, but some people are not cut out for the traditional college track – and these are manufacturing people!"

Company leaders anticipated the surge of Baby Boomer retirements years ago and proactively responded by hiring people to transition into those positions, Draper said.

"Every one of our foremen 10 years ago was a Boomer, and thankfully we saw that coming and have had creative solutions along the way," she said. "We have always said, there is a lot of space between working full time and retirement. We like to use these gray areas for creative solutions."

For hiring, Draper Knitting often uses temp agencies, which gives the company the ability to preview a potential hire before the time and effort is put in to hire them full time. “We have gone on to hire about 75 percent of the temps we get,” Draper said.

With a great record of hiring and retention, the company has not had to offer additional incentives beyond wages and benefits to attract employees, and hasn’t relaxed any of its hiring standards, she added. People who show a work ethic and a willingness to learn are often hired, Draper said, whether or not they have the skills to do their job from Day 1.

“We are happy to train our own people,” she said. “We really need people to come with the desire to work, to learn and to make a fair wage for it. The rest can be taught.”

Draper added that manufacturing – at least at Draper Knitting – should be considered a desirable career for many of the younger set.

“We offer good, steady work, fair pay, a good benefits package and room for advancement,” she said. “We are a family textile business and treat our employees like family, with flexibility and understanding. Isn’t that what makes people feel appreciated and part of the family?”

She added that you shouldn’t believe everything you hear about Millennials and Gen Z’ers when it comes to work expectations.

“We have found that not all young people are the same, and we have found some that appreciate fair pay for hard work,” she said. “We look to keep them here and advance them in the future.”

## **Manufacturing Solutions Center**

Dan St. Louis, director of the Manufacturing Solutions Center (MSC), Conover, N.C., “lives and breathes” the labor situation every day, he said. “Quite honestly, it is what keeps me up at night!” he said.

The center is fully staffed with 26 full-time employees providing training, prototyping, testing and onsite incubation for textile manufacturers, suppliers, brands and entrepreneurs. As the longtime head of the MSC and its predecessor organization, St. Louis witnessed firsthand the industry’s steady decline, which today has made “manufacturing” a bad word to many, he said.

“There is a false narrative out there that the textile industry and manufacturing in general is dirty, low-paying and low-tech,” he said.

Within the center itself, he has found that offering certain incentives such as flex time and the opportunity for involvement in other areas have been effective in attracting new employees.

Through its many services, the center is an incredible resource for manufacturers seeking to attract and train employees. But St. Louis has seen the difficulties companies have had due to the shallow labor pool, he said.

“The well is drying up fast and in some cases it is already dry,” he said. “We are trying to train new folks from universities and community colleges and it has worked well. We will lose some but it is not an option. Patience is key, as well as making sure you do not assume they know what is needed.”

The MSC spends a lot of time attracting young folks to the industry through its STEM tours,” St. Louis noted. “It was started in the area by Catawba Valley Community College, where students will tour a factory – not necessarily textiles – tour the MSC and then tour the local community college. We have had over 10,000 middle school students over the past six years. It takes work but it has fundamentally changed the attitude of the students, principals and teachers about manufacturing and the opportunities that exist. They see that it is not like it was 30 years ago when they worked in manufacturing.”

The Center also conducts tours for high school students as well, but starting early helps the student before they are set in a high school curriculum, he added.

“We now have some students applying after graduation to a company that they saw and liked in 8<sup>th</sup> grade to apply to work,” he said. “Some of the most successful companies engage the high schools as well and set up apprentice programs. It is a system that is available where the students will work at the plant some during the school year and summers along with taking classes related to their job. It can continue at a community college with an associate’s degree earned and a certified apprentice certificate upon completion. Some companies are investing in students and paying for the classes, which really makes it attractive to students and parents. They can come out with credentials for a job and potential for longtime employment. In my opinion, we are going to have to do much more of this to fix this skills gap.”

St. Louis said he also has heard all the “issues” in hiring Millennials and Gen Z’ers – from their desire for more flexibility, work-life balance and transparency to their perceived lack of a long-term commitment.

“Too many times, we are thinking about this through the way it was when we graduated and not what the younger generation has been exposed to,” he said. “We have not always done a great job of doing this but we have found that you must do a better job of laying out the career path and really engaging them in projects earlier in order to be successful. Getting them some hands-on training and exposure to the equipment has been helpful to their learning and how complicated producing textiles really is. You can’t Google experience!”

Manufacturers are leading the way in automation technologies, St. Louis said, and the center has purchased some of this technology as budgets have allowed in order to assist companies in this area.

Why should someone pursue a career in sewn products, textiles and/or manufacturing? The reasons are numerous, he asserted.

“The products and technology possibilities that are coming every day that will change our world are numerous,” he said. “Wearables are coming and textiles is an excellent delivery of these technologies. The pay and opportunities are huge for someone who takes the time to learn the basics in the near future due to the retirement of Baby Boomers.”

Related to the image problem faced by the sewn products and larger textile industry, he said its employers must do a better job promoting the industry.

“We also need to look at our image that we present to the public,” St. Louis said. “You need to look at your facilities both inside and out to see if it is the image that would make you want to bring a member of your family to work there. If it looks exactly like it did 40 years ago, what will make folks think anything has changed from that many years ago?”

“When we moved to a new facility, I could not believe the way the local community looked at MSC verses the old building,” he continued. “Even though it was basically the same

equipment and building, our business went up over 30 percent due mostly to the local businesses who took the time to see what we had to offer. We have had to add eight more employees to handle this new business. We knew we would improve our image but never thought it would help this much to the bottom line and particularly in hiring new folks.”